

BLM Cedar City Field Office Site Inspection Report

Oct. 3, 2011

File: UTU-80852; Blawn Mountain Kaolin Mine Project
Sandy Nell / Lone Star Mining

Inspector: Ed Ginouves, CCFO Mining Engineer

Insp. Date: Sept. 30, 2011

On Sept. 30, 2011, I made an inspection of the Blawn Mountain Kaolin Mine project area, located at the summit of Blawn Mtn.

The previous site inspection was a partial inspection made on May 5, 2011, at which time the site was inactive. The site has been inactive since the fall of 2009, when Ashgrove Cement, the buyer of the clay for cement manufacture, informed Mr. Nell the material would not meet Ashgrove's standards for Hg content, which, in turn, had been dramatically lowered by a proposed EPA Hg rule that would take effect in 2013.

Mr. Nell has been pursuing a plan amendment since January, 2010; this amendment has undergone several iterations to help the NEPA analysis proceed at a reasonable rate. The current proposal calls for adding a single ridgetop mining area (also on a pre-1955 mining claim) and replacing the existing haulage route down the canyon to Seeps Spring with a route down the north side of Blawn Mtn. Because of conflicting information regarding the marketability of the kaolinite in the proposed amendment area, Mr. Nell submitted an exploration notice (UTU-88378) in April, 2011 to drill four shallow holes on the proposed reserve as well as another four holes in a second area located at the head of Sawmill Gulch on the north side of Blawn Mtn. Further processing of the plan amendment will await the outcome of that sampling effort, which was completed in late Sept., 2011.

The weather was partly cloudy, breezy and dry.

Inspection Findings:

Essentially all of the stockpiled material had been removed from the Jockey Road transfer area. The haulage road from the transfer area to the mountain-top mine site was in poor condition, as it has not been graded for two years and stormwater runoff has badly eroded it in many spots.

The mine site remains inactive. There was evidence that at least one sample hole had been drilled in the pit bottom very recently. The drilling had been done with a track-mounted drill and the hole had been backfilled. Overall, the vegetative cover continues to improve on the two acre area that had been reclaimed and seeded two years ago at the southern end of the site. Only a small portion (~1/4) of the reclaimed area could be considered to be fully successful, that being the area that received the lion's share of the salvaged topsoil.

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Vegetative cover typical of topsoiled areas on portions of mine site reclaimed in Nov. 2009

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View looking north at idled pit area.

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